

How Many Businesses Enrolled In The Refundable Tax Credit Program?

The State Auditor's Office certifies that a business is eligible to receive a refundable tax credit. As of June 30, 2006 631 businesses were enrolled for refundable tax credits for tax year 2006. Refundable tax credits amounts include:

- \$100 per employee per month
- \$100 per employee spouse per month
- \$40 per employee dependant per month

As of July 2006 25 slots were still available for businesses to receive refundable tax credits.



How Is Insure Montana Funded?

Initiative 149 established a special revenue account for cigarette and other tobacco products taxes and increased the taxes charged to cigarette and tobacco product purchases. A portion of the increased state revenue funds are used for the Insure Montana program. The 2005 Legislature allocated 60 percent (\$7.6 million in state special revenue funds) to the premium incentive and assistance program and 40 percent (\$5.2 million in state special revenue funds) for the refundable tax credit program.



This revenue source is considered to be one that will decline over time due to efforts to reduce tobacco use.



LFD Mission Statement

We are committed to enhancing the legislative process through understandable and objective fiscal policy analysis and information.

The Legislative Fiscal Division Presents

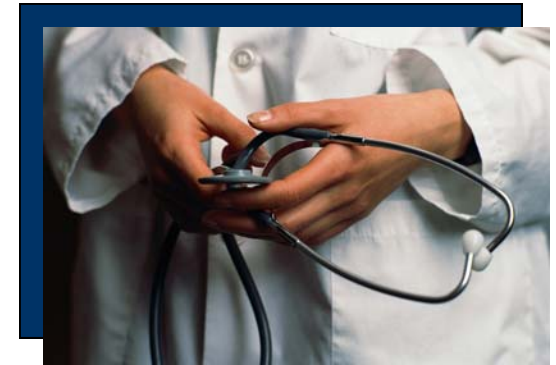
FOCUS ON...

Insure Montana



Sept. 2006

Fiscal Pocket Guide



“ Insure Montana offers health plans with comprehensive coverage, and provides funding to assist both small businesses and their employees with premium payments. “



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What Is The Purpose of Insure Montana?

The 2005 Legislature created a small business health insurance pool to help currently uninsured small businesses and their employees afford and access group health insurance. The purpose of the legislation was to make health insurance affordable to some of the approximately 170,000 uninsured Montanans. A survey conducted in FY 2002 – 2004 found:



- 19 percent of Montanans are uninsured
- 77 percent of the uninsured population were employed
- 59 percent of small firms with less than 10 employees did not offer health insurance
- 30 percent of small firms offer insurance to all employees



What Is Insure Montana?

Insure Montana is a program operated by the State Auditor's Office. Insure Montana offers health plans with comprehensive coverage, and provides funding to assist both businesses and employees with premium payments. This is done through the creation of a small business health insurance pool. If a small business already provides health insurance to its employees the program may provide refundable tax credits. The Small Business Health Insurance Pool Governing Board (board) is appointed by the Governor and the State Auditor. The seven member board governs the pool and sets policies such as the amounts of the premium assistance and incentive payments.



Who Is Eligible For Insure Montana?

To qualify for premium incentive and assistance payments employers and employees must meet following criteria:

- The employer does not currently provide employee health insurance
- The employer has between 2 to 9 employees
- The employer begins to provide health insurance through the State Health Insurance Purchasing Pool or another qualified Association Plan
- No employee is paid more than \$75,000 per year (owner excluded)
- The employer provides health insurance to eligible employees (working more than 30 hours or more than 20 hours if the employer requests)
- Employees meet the income and other eligibility criteria

To qualify for a refundable tax credit employers must meet the following criteria:

- Provide employee group health insurance paid to a licensed health insurer
- Provide employment for between 2 to 9 employees
- Do not pay any employee more than \$75,000 in a year
- Do not pay premiums from a medical savings account

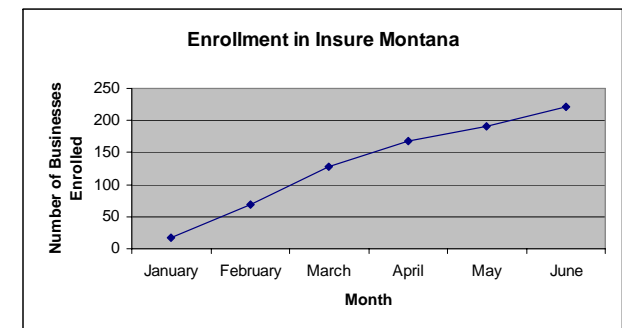


How Many Businesses Enrolled in the Premium Incentive and Assistance Program In The First Year?



The graph shows the actual enrollment in the program in the first year of operation. Insure Montana contracted with a private insurer to provide health care benefits to eligible employers. January 1, 2006 the program began offering health insurance benefits. Insure Montana offered a staggered enrollment process. The enrollment was staggered to:

- Encourage businesses to seriously consider the decision to offer health care benefits
- Ensure the new enrollment system was not overwhelmed during the process
- Ensure total costs associated with insuring each business were not greater than the amount of funding for the program



The average employer premium incentive amount over this period was \$193.06 per month and the average employee premium assistance amount was \$148.15. The program continues to enroll new businesses.

Employee premium amounts range from 20 percent–90 percent depending on family annual income. The lower the family income the higher the amount of the premium assistance to the employee.

In FY2006 Insure Montana spent \$734,106 on premium assistance incentives. In FY 2007 they are budgeted to spend \$5.6 million on the program.